GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4158
ANSWERED ON:23.03.2001
EXPORT OF INFORMATION TECHNOLOGY AND ELECTRONICS GOODS
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Will the Minister of FINANCE be pleased to state:

(a) the percentage of GDP achieved by the exports in information technology and electronics goods sold last year;

(b) how does it compare with the other Asian countries;

(c) the reasons for such poor growth;

(d) the steps proposed to be taken to develop Indian IT hardware industry;

(e) the date fixed for implementation of the Information Technology Agreement(ITA) of world Trade organisation (WTO); and

(f) its likely impact on indigenous IT and telecom hardware industry?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a): The export of electronic hardware and software during the year 1999-2000 amounted to Rs.18700 crores, which is estimated to be around one per cent of the GDP.

(b): According to a related indicator, reported in the World Development Report 2000/01, India`s share of high technology exports as a per cent of manufacturing exports in 1998 was 5 per cent, as compared to 10 per cent for Indonesia, 15 per cent for China, 21 per cent for Hongkong, 27 per cent for S.Korea, 31 per cent for Thailand, 54 per cent for Malaysia and 71 per cent for Phillipines.

(c): While the Indian software industry has been doing consistentlywell, the IT hardware industry is passing through a transition due to, inter alia, lack of fresh investments, high tariff duty, poor infrastructure, high cost of capital, restrictive labour laws and complex procedures and regulations pertaining to exports and imports.

(d): Government recognises the importance of IT hardware industry and its potential in contributing to the growth, employment and exports of the country. Measures taken by the Government to promote electronic hardware sector include permission for 100 per cent foreign investment in units set up for exports, accelerated depreciation norms for computers and peripherals, larger access to the Domestic Tariff Area and permission for broad banding under EOU/EPZ/EHTP schemes, exemption from withholding tax and higher weighted deduction for R&D activities. An Information Technology Act 2000 has also been enacted. Further policy changes, as and when necessary, would be effected to accelerate IT exports on a sustainable basis.

(e): Of the 217 tariff lines bound by India under ITA, the phase outschedule stipulates reduction of duty rates to zero on 95 tariff lines by 2000, on 4 tariff lines by 2003, on 2 tariff lines by 2004 and on remaining 116 tariff lines by 2005.

(f): Information Technology Agreement is expected to aid the development of the domestic IT and Telecom industries as it is expected to expand the world trade in IT products. India is likely to benefit from the capital investments in R&D in this growing field. ITA is also expected to improve the competitiveness of other industries depending on IT.